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ABSTRACT

This four-part report examines the management of retrenchment at six representative Southern California community colleges and two community college districts: Victor Valley College, Mount San Jacinto College, Citrus College, Chaffey College, Mount San Antonio College, Riverside City College, the San Bernardino Community College District, and the Los Angeles Community College District. Part I presents a review of the literature dealing with community college responses to decreased funding in the 1970's and the effects of Proposition 13 (1978) on the California community colleges. Part II, comprised of case studies based upon personal interviews with the presidents of each of the target colleges and districts, describes the management strategies used to meet the challenge of Proposition 13 and the effect of those strategies on the quality of the colleges' educational programs. Part III provides estimates of the probable fiscal impact of Proposition 9 (an income tax reduction initiative) during 1980-81 and describes the planning activities undertaken by the target colleges and districts to meet the funding reductions that would result from the passage of Proposition 9. Part IV presents conclusions concerning the need for community colleges to implement institutional research strategies in the study of retrenchment management. A bibliography is included. (JP)

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AN INVESTIGATION OF STRATEGIES OF OPERATION UNDER CONDITIONS OF REDUCED FUNDING IN SELECTED COMMUNITY COLLEGES

A TERM PAPER

IN PARTIAL FULFILLMENT OF THE

REQUIREMENTS FOR EDUCATION 706,

HISTORY, PHILOSOPHY, AND ROLE OF THE COMMUNITY COLLEGE

PRESENTED TO

DR. B. LAMAR JOHNSON

PEPPERDINE UNIVERSITY

by

Norman D. Smith

April, 1980

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INTRODUCTION

This report attempts to examine community colleges in a volatile period of transition. All public agencies in California were dealt a potentially lethal blow by Proposition 13, which was then softened somewhat by the State surplus money. Now, just two years later, public agencies face a similar situation but without the softening effect of a large State budget surplus.

The purposes of this report are:

1. To identify plans followed in selected Southern California Community Colleges in meeting problems associated with reduced funding and concurrently maintaining a high educational program,
2. To report plans identified in (1) above which are reported to be successful, and,
3. On the basis of the findings from (1) and (2) above, make recommendations for dealing with problems of drastically reduced funding in the community colleges.

The study was developed through a review of the available literature on the subject and through interviews with leaders in eight Southern California Community Colleges. The specific questions are reported in Chapter Two. Because of the timing of the report many colleges had not fully developed their strategies to cope with the possible passage of Proposition 9 at the time of the interviews. This paper, then, develops as a progress report and does not attempt to make

any final recommendations related to Proposition 9.

The author is grateful to the following community college leaders for their time, help, advice and support in the development of the case study reports.

Dr. Robert Bolen, Director of Contingency Planning, Los Angeles Community College District

Dr. James Catanzaro, President, Chaffey College

Dr. Raymond Ellerman, Chancellor, San Bernardino Community College District

Dr. Robert Haugh, President, Citrus College

Dr. Milo Johnson, President, Mt. San Jacinto College

Dr. Charles Kane, President, Riverside City College

Dr. Leslie Koltai, Chancellor, Los Angeles Community College District

Dr. John Randall, President, Mt. San Antonio College

Mr. Burton Wadsworth, President, Victor Valley College

CHAPTER I

REVIEW OF THE LITERATURE

FUNDING PATTERNS AND GENERAL TRENDS

Educators in private colleges and universities where financial concerns have been paramount in the last few years have frequently spoken with scorn and some envy of their colleagues in public education as "those who eat at the public trough". That the "public trough" has been good to both public and private higher education is not in dispute but as the contents of that "trough" have been sharply reduced in recent years cries of alarm have gone up from all sides.

Public higher education in general, and community colleges in particular through their enrollment driven patterns of finance, were blessed with adequate funding from the 1950s through the mid-1960s during periods of rapid growth and expansion. Warning signals were sounded in the early seventies that this situation was about to change. John Lombardi stated in 1973:

> Until a decade ago financing the public education system seemed to be one of the most secure political activities of American life. The school ranked with the church and home as bulwarks of society. But during the last ten years public education has lost its grip on the American people . . . Along with the loss of its high standing, education is suffering from a financial crisis.[1]

In a recent study of critical community college problems Dr. B. Lamar Johnson ranked financial support as the number-two concern among the colleges based on his survey of forty-seven schools.[2] These findings

were compared to an earlier (1965) study by Basil H. Peterson in which fanancial support ranked number five. There is clearly an increasing uneasiness in the colleges as angry taxpayers continue to strike back by whatever means are available to them. Johnson goes on to say:

> . . . in colleges visited after the June 1978 passage of Proposition 13 in California "financial support" would clearly have supplanted "collective bargaining" as the first ranking critical community college problem in California.[3]

Support for community colleges has typically come from local and state taxes, federal taxes, tuition, and gifts and grants. There has been a steady growth in state support since the 1950s and as Martorana puts it, modes of finance represent modes of control.[4] Wattenbarger and Starnes[5] identify four methods of funding in current use. Negotiated Budget Funding involves annual negotiation with the state legislature or board to arrive at a budget. There is generally no formula involved in this process. If the state provides the full support for the colleges this often leads to state-level decision making. The Unit Rate Formula provides a given dollar amount per unit of measure, usually stipulating enrollment or the contact hour as a basis. Minimum Foundation Funding is based on a combination of local tax and state contributions to reach whatever minimum funding level has been established as equitable. The Cost-Based Program Funding approach is based on figures projected from multiple cost centers identified within an institution. This is then followed by an annual cost analysis and an appropriations request to the legislature which in turn responds with an allocation to the individual college or

college district.

As levels of financial support have become increasingly inadequate since the early 1970s there has been a corresponding shift from local to state support. The states in turn have brought pressures on the colleges to reduce costs and limit enrollments. This has been accomplished by elimination of costly, under-enrolled, or out-dated programs; through "caps" on the amount of funds the state will provide, in spite of enrollment; through simple enrollment limitations; and through selective identification of functions which will receive state support.

The AACJC "Fact Sheet on Two-Year Colleges" reported in May, 1979, that in thirty states over half of the operating expenses for public two-year colleges is supplied by the state. Ten other states supply over seventy percent of the college budget. In the remaining states colleges receive over one-third of their support from local taxes. "Half of the public two-year colleges and sixty-four percent of the independent two-year institutions are projecting deficits in current operations for 1979."[6] In 1978 ten states enacted laws which either restricted taxes or curbed public spending. "Preliminary data show that two-year institutions have been the first to be affected, because they are more dependent on property tax revenues."[7]

STRATEGIES

Some see our current problems as the result of an overinvestment in community colleges in both facilities and personnel. Their simple solution is to cut back or to grow. Both of these alternatives

present as many problems as they solve. There is some consensus of opinion that some of our current problems relate directly to poor planning and lack of foresight. Colleges have not met the financial problems with action but with reaction. These reactions are too often made from off-balance positions during periods of high pressure and energency conditions. Wattenbarger states, "Most colleges do not assemble sufficient information to enable them to make sound decisions related to the academic program."[8] Systematic long-range planning, examination of institutional goals and objectives, and needs assesment must be part of a continous college-wide activity pattern and not just implemented in times of crisis. Richardson remarks, "Hard data developed in response to critical issues can reduce the amount of time that faculty and administrators now spend on developing decision alternatives."[9] Most community colleges have traditionally used planning and research for the development of new or expanded services, programs, or facilities. The new financial constraints may cause many colleges to direct that planning into solving current operational problems, retrenchment, and to anticipate future problems.

Martorana[10] reports some rather standard actions which were under consideration by state directors and college presidents to meet reduced financing.

1. more effective administrative management of fiscal affairs at the institutional level
2. economizing measures in instruction and programming practices
3. stronger public information and lobbying efforts
4. increases in student tuition and fees

5. direct efforts to increase resources through increased local and state taxes, tuition increases, and private gifts and grants

Other more specific actions have included reductions in supply and equipment budgets, maintenence and equipment replacement budgets, library and audio-visual materials, field trips, conference attendance, and various instructional support services. Instructional cuts have included limits on new courses, alternation in offerings, elimination of experimental instruction, increases in class sizes, and cuts in tutoring services. Programs have been eliminated, curtailed or consolidated. Personnel actions have included methods to increase faculty productivity, retraining of faculty for new positions, and faculty and administrative cuts. Staff reduction has been a thorny problem involving seniority rights, collective bargaining contracts, and affirmative action. Most colleges have tried to avoid these problems by making staff reduction an item of last resort. Wattenbarger cites a study by Sprenger and Schultz[11] which reported methods of staff reduction in order of frequency: not filling vacancies, terminating nontenured faculty, terminating part-time faculty, terminating teaching assistants, encouraging early retirement, giving seniority to tenured faculty, reassigning faculty, and applying performance standards.

Matson reports, ". . . the staff members at most colleges still look upon the student personnel program as something separate and apart from the instructional program and not really central to the major purposes of the institution."[12] As a result these programs are frequently among the first to be reduced or eliminated. Cuts are effected through personnel and service reductions.

Other less frequently employed options include limitations on enrollment, borrowing on tax anticipation warrents, shifting some types of expenditures from state tax funds to tuition funds, sharing staff among institutions, and contracting for student services.[13]

PROPOSITION 13 RELATED LITERATURE

> The passage of Proposition 13 in June, 1978 by a sixty-five percent vote has stirred more anxiety among California community college educators than any event has since the beginning of World War II when enrollment declined preciptously. And little that has happened since that fateful June day has relieved the anxiety.[14]

Community colleges lost about $465 million in property tax receipts. Monies from the State budget surplus brought the college 1978 - 79 budgets to eighty-six percent of the previous year's budget. Final budget reductions ranged from two percent to twenty percent with an average of 11.6 percent.[15] Angel and Karathanos reported the following findings from their survey of 106 California Community Colleges:[16]

The programs which seemed to have suffered most are:

a. community services (ninty-two percent made reductions or completely eliminated services)
b. travel - ninty-one percent
c. capital outlay - eighty-three percent
d. supplies - seventy-six percent
e. maintenance and operations - seventy-five percent
f. overtime pay of classified personnel - seventy-four percent
g. administrative personnel - seventy-three percent (primarily by assigning classroom duties)
h. printing - sixty-eight percent
i. summer school - 1978-79, sixty-six percent
j. athletics - fifty-eight percent
k. library - fifty-eight percent
l. elimination of classes by increasing the minimum class size - fifty-four percent

There were relatively few full-time faculty terminations. Personnel cuts were accomplished by retirements, unfilled vacancies, substantial reductions in part-time faculty and classified staff. This information is illustrated in Table 1.[17]

Student service fees were raised in almost every case. Tuition was discussed widely but in the end determined to be counter-productive. The Community College Board of Governors in their Action #790416, April 27, 1979, rejected tuition for California residents as part of their report on long-term financing principles. The report emphasized support for a continued open admissions policy, support for local decision making, a reliance on state and local funds, and yearly adjustments for inflation. The report was also directed toward stronger and more detailed measures for accountability.

TABLE 1: Impact of Proposition 13 on Community College Staff

TYPE	CHANGES FROM FALL 1977 TO FALL 1978
Overall	14.0% decline
Full-time faculty	2.1% decline
Part-time faculty	22.9% decline
Full-time other certified (administrators, counselors, etc.)	5.1% decline
Part-time other certificated	3.5% decline
Full-time classified staff	7.0% decline
Part-time classified staff	17.2% decline

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CHAPTER II

CASE STUDIES

The individual case studies more specifically represent the purposes of the study, to determine what strategies a representative cross-section of Southern California Community Colleges have undertaken to meet the funding problems created by Proposition 13, to evaluate the effectiveness of those strategies in terms of a quality program, and to look ahead to the possibility of another sizable reduction if the new Proposition 9 passes in June, 1980.

These questions were asked of the participants in the interviews conducted during the first two weeks of March, 1980.

1. What strategies have you employed to cope with reduced funding?
2. Have these strategies proved to be successful?
3. Are you still able to offer a high quality program?
4. What will you do if Proposition 9 passes?

The colleges were chosen because of their differences in size, location, and organizational structure. Two schools are small, rural area schools, four are medium size surburban colleges, one is a medium size, surburban, multi-college district, and the last is a large, urban, multi-college district. They are all public institutions.

In most instances the strategies employed reflect the findings of the Angel and Karathanos survey which was reported in the Spring of 1979.[1] Although the situation was chaotic then and hasn't improved greatly since, community college leaders learned a lot from their

1978 experience and are using that experience to face the new challenge.

Salary increases for all public employees were prohibited by order of the Governor. This action was later reversed and is not included as part of the strategies in this report.

VICTOR VALLEY COLLEGE

Victor Valley College is a small college (ADA 1,968) serving several rural desert communities, the largest of which is Victorville. Victor Valley College began as an evening college, meeting on the campus of Victorville High School until enrollment and funds permitted them to build their own campus. Victor Valley did not make any drastic moves to compensate for Proposition 13. A planning group made up of administrators, faculty and classified staff met to develop a variety of alternatives. Collective bargaining at the college was in the formative stage at the time and did not play a part in the process. The faculty did agree to take an extra class without pay but this was not required in the final result. The staff was encouraged to take leave without pay. Several did in both certificated and classified positions. Those positions were left unfilled. Because of their unique beginning as an evening college Victor Valley does not distinguish between day and evening college assignments. There is no regular evening administrator. Many of the faculty were carrying evening classes as part of their load prior to Proposition 13. There were large cuts in the part-time faculty so that most of the faculty now carry a split day/evening load without overload pay. Journalism was

the only program which was dropped. Classes in other disciplines were combined to increase class sizes and make fewer sections. Summer School was cancelled in 1978. Supplies were cut ten percent and capital outlay was eliminated for one year. This included some facilities additions and remodeling. The maintenance crews were already operating with minimal staffing supported by several CETA employees and were not reduced. Student services were relatively untouched and, in fact, the Financial Aids office had an increase in staff. Travel and institutional memberships were severly restricted.

The overall strategy was to meet the financial restrictions with the least possible damage to the instructional program of the college. President Wadsworth feels that this goal was accomplished, with the help of the "bail out" money and that the overall high quality of the instructional program has not suffered.

MOUNT SAN JACINTO COLLEGE

Mt. San Jacinto College is a small (ADA 1,399) rural college serving several communities in central Riverside county. Mt. San Jacinto took a middle-of-the-road approach to reduction with an interesting strategy in terms of capital outlay. Summer Session was reduced thirty percent, athletics were curtailed twenty percent, recreation programs were eliminated, and community service activities were eliminated or placed on a fee basis.

Administrative costs were reduced through the elimination of the position of Director of Student Activities and the Dean of the

Evening College. One administrator resigned and was not replaced and three other Deans were given part-time assignments in counseling, teaching, and in the library. Three full time faculty were terminated and eighteen support positions were eliminated. An emergency clause was added to the collective bargaining agreement which left salaries, fringe benefits, and work load open to negotiation.

There were no instructional programs eliminated. Small classes were cut or combined. There were some cuts in supply budgets.

Mt. San Jacinto made some interesting moves in the capital outlay area. Several large pieces of equipment were replaced to reduce future operating costs. These items were worn and in need of expensive repair. A solar heating unit was installed in the gym area and the college purchased its own telephone system which has reduced operating expenses by $8,000 per year. This strategy was not reported by any other college.

President Johnson states that the strategy has worked according to plan and that it has not seriously affected the quality of the program yet. Further financial cut-backs may affect the instructional program in a negative way.

CITRUS COLLEGE

Citrus College is a medium size college (ADA 5,191) located in the surburban foothill area of Azusa/Glendora. Citrus officials took steps early in 1978 to prepare for Proposition 13 by placing a freeze on all new hiring and replacement of staff. Some faculty were given

split day/evening assignments while a large number of part-time employees were dismissed. A ten percent reduction was affected in administration. Part-time administrative service at night and on Saturdays was eliminated.

Class sizes were increased, class sections were cut but not programs. Some saving was realized by offering selected classes only during the day or only at night, therby cutting multiple sections. Supplies were cut to the "bare bones". Maintenance was reduced by not replacing those who resigned or retired. Student Services lost an Assistant Dean of Activities and several counselors were asked to work evenings or teach a class as part of their load. Library hours were cut some.

Citrus has offered a wide variety of cultural activities through Community Services. Much of this was curtailed. The auditorium staff was reduced along with several theatrical and musical productions, art gallery presentations, and planatarium and astronomy programs.

President Haugh is pleased with the way in which the college responded to the challenge and will use the same methods again as Proposition 9 comes along. The staff was involved in the entire process and as a result the morale level remained high. Dr. Haugh believes dismissal letters would have seriously affected staff morale and the cooperative community of effort directed at solutions. He feels that Citrus is still able to offer a "decent" program, perhaps not as good as before. This was only made possible by the State "bail out" funds.

CHAFFEY COLLEGE

Chaffey College is a medium size school (ADA 7,237) located in the suburban "West End" of San Bernardino County. It serves the surrounding communities and the Riverside County communities of Corona and Norco. Chaffey, which was operating with a low tax rate and small reserves, was able, through the combined efforts of all the staff to cut $2 million out of their budget.

Evening offerings and part-time staff were cut fifty percent, day classes also took substantial cuts. Some of these were restored the following year. Administrative staff was cut forty percent, classified staff was cut fifteen percent. The full-time faculty was not reduced. Community Service classes were put on a fee basis. Supplies, capital outlay, and maintenance were all cut, along with the college-owned transportation system. There was a modest cut in Student Services. There were no pay raises. Summer School was not eliminated. The classified staff was represented through collective bargaining but collective bargaining did not play a significant role in the reductions.

These and other more drastic actions planned for the future are judged to be successful by President Catanzaro, given the low tax rate and small reserves. He feels that the quality may have suffered some in the process.

MOUNT SAN ANTONIO COLLEGE

Mt. San Antonio College is a medium size college (ADA 12,330)

in the surburban community of Walnut, between Pomona and Covina. Mt. San Antonio College took what has become a traditional approach to the problem of restricted funding. The main strategy was to protect staff as much as possible. Thirty classified positions were eliminated through lay-offs and attrition. Ten to fifteen faculty positions were eliminated, again through retirements and leaves of absence. Two administrative positions were not replaced and several administrators were assigned to teach part-time. There were large cuts in the part-time teaching staff. There were no complete programs eliminated but class sections were reduced in the first year after the passage of Proposition 13 due in part to the reduced funding and in part to the twelve percent drop in enrollment experienced in the Fall, 1978. Supply budgets were cut ten to fifteen percent. No new equipment was purchased and replacement was held to a minimum. VEA funds alleviated this problem to some extent. All large maintenance projects which could be deferred, were. There was very little reduction in Student Services. One of the Administrators who was not replaced was from that area. Library purchases were reduced. Mt. San Antonio planned two Summer Sessions in 1978 for the first time. The decision was made to continue to offer both sessions but to restrict the offerings in the second session. Collective bargaining did not play a significant role in the decision-making process on what and/or how to make reductions.

President Randall feels that these strategies were successful given the uncertainty of the circumstances. The instructional programs at Mt. San Antonio held up well and the quality was not significantly affected. Some of the major equipment and maintenance projects which

were deferred may, however, cut into the instructional budgets when those deferments are no longer possible.

RIVERSIDE CITY COLLEGE

At Riverside City College (ADA 7,805) class sections were cut but entire programs were not. Most of the classes which were cut were marginal in enrollment. Class sizes were increased. Staff reductions occured mainly in part-time faculty positions and in management positions in Academic Services and Student Services. The management team was cut from twenty-three to seventeen members. This was partially related to reduced funding and partially related to an administrative reorganization which was under way prior to the funding crisis. The faculty was reduced by three positions and the college is being very selective in replacing vacated positions. Summer School was cancelled and the Summer School salary was restructured to reduce costs. Community Service activities were placed on a fee basis. Supply budgets were reduced by thirty-five percent. Most fees were increased and several new fees were introduced. Capital outlay was cut by fifteen percent. Plans for construction of a second campus were permanently deleted.

President Kane believes that the strategies were right for the situation. He believes that the instructional program may have been improved by the forced examination of its offerings. In retrospect he feels that it might have been wiser to eliminate some expensive programs. Over-all the quality of the offerings are better, the faculty is more sensitive to the financial problems and the needs of students. Faculty

morale, however, is down somewhat. Again in retrospect, Dr. Kane believes that the elimination of Summer School in 1978 had a debilitating effect on the college and he would not want to cancel the Summer Session again.

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

The San Bernardino Community College District is a multi-college district of average size (ADA 10,627). The district serves a very large geographical area reaching from San Bernardino to the mountain resort communities and all the way to the Colorado River. The original San Bernardino Valley College campus mainly serves the communities of San Bernardino, Rialto, and Colton. The second college, Crafton Hills College, serves the communities of Redlands and Yucaipa.

The San Bernardino Community College District approached the reduction process as a district-wide problem with solutions to be imposed equally on both campuses. There were no program cuts but fewer sections were offered in every area of instruction. Many positions were left unfilled or were not replaced particularly in the classified staff. Part-time faculty was cut sharply and many full-time faculty were given evening assignments as part of their load. Student help was cut substantially. Supply budgets were not cut but were held at the previous year's level. No new or replacement equipment was authorized and most major repair or maintenance work was deferred. Library budgets were cut fifty percent. Summer School was cancelled in 1978 and summer salaries were indexed to lag one year behind the yearly salary schedule. Community Service activities were placed on a

fee basis. Travel budgets were reduced. Chancellor Ellerman feels that his strategies were successful under emergency conditions. The over-all institutional program was maintained and there were no terminations of full-time staff. He echos other community college leaders in saying that the maintenance of a high quality program was only made possible by the State surplus money..

LOS ANGELES COMMUNITY COLLEGE DISTRICT

The Los Angeles Community College District is the largest community college district in California (ADA 71,136). Its ten campuses are located in the greater Los Angeles area. The Los Angeles District has a ful-time Coordinator of Contingency Planning. This office aided in developing and directing strategies to meet the funding crisis. The Los Angeles District acted early to freeze hiring and materials purchases in May, 1978. Three different budgets were developed in anticipation of the various alternatives which might have to be faced. Plans were developed to relocate or close certain programs. Positive action was taken through the District legislative advocate to develop new sources of income through the legislature or at the least to develop sensitivity among the legislators to the community college needs when allocations of existing funds were made.

Actual cuts, after the "bail out" provisions were settled included the cancellation of Summer Session, 1978, reductions in part-time staff by about ten percent, a fifty percent cut in supply budgets, fifty percent in travel expenses, and some reduction in library funds. Large maintenance projects were deferred. Some class sections were

eliminated but no programs were eliminated. Chancellor Koltai and Dr. Bolen feel that the strategies were correct and successful under the circumstances of uncertainty. The quality of some offerings may have suffered but the over-all quality is still high.

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CHAPTER III

LOOKING AHEAD TO PROPOSITION NINE

The California Community Colleges are facing a new and potentially more disastrous period of financial stress at the time of this writing. The major effect of the new tax-cutting measure, Proposition 9, will be to cut the personal income tax in California by fifty percent. The important consideration related to this impending proposal is that the State surplus funds, the "bail out" money from Proposition 13 days is, for all intents and purposes, expended.

Community College leaders, for the most part, are not reacting as quickly nor as forcefully as they did in 1978. The lessons learned through that experience have caused administrators to take a wait-and-see approach this time.

The California State Chancellor's Office has developed a preliminary report which provides estimates of the 1980-81 fiscal impact of Proposition 9. The figures for the eight community college districts represented in this paper have been extracted from that report and are presented in Table 2.[1] These figures do not address the problem of what will be done with college reserve funds or the new oil tax revenues. These projections along with the many unknowns have caused great frustation among community college administrators and trustees. Most of those questioned in the survey felt that their college could survive a ten to twelve percent budget cut. This kind of reduction would damage some programs but the college could still offer a basic

TABLE 2: ESTIMATES OF 1980-81 FISCAL IMPACT OF PROPOSITION 9

	AB8 BEFORE JARVIS II*			
	ADA '80	Appropriation Rev.	Tax Revenues	Total Revenues
Chaffey	7,237	10,724,450	3,703,926	14,428,376
Citrus	5,191	8,640,541	657,822	9,298,362
Los Angeles	71,136	130,120,009	25,246,141	155,366,150
Mt. San Antonio	12,330	21,678,842	2,561,168	24,240,010
Mt. San Jacinto	1,399	2,091,650	1,308,706	3,400,356
Riverside	7,805	11,502,274	2,300,368	13,802,641
San Bernardino	10,627	15,922,750	3,768,260	19,691,010
Victor Valley	1,968	3,434,135	1,288,355	4,722,490

*Assumes ADA remains constant at 1979-80 level, property tax revenues increase by 9 percent, program inflation at 7 percent, with no district receiving less than 101 percent of the 1978-79 base.

TABLE 2 (continued)

WITH REVENUE LOSS OF $4.9 BILLION DISTRIBUTED OVER

	STATE & LOCAL REV.**		STATE GENERAL FUND ONLY***		STATE DEFLATOR****	
	Total Revenues	Loss	Total Revenues	Loss	Total Revenues	Loss
Chaffey	11,975,552	2,452,824	11,686,985	2,741,391	10,734,712	3,693,664
Citrus	7,717,641	1,580,722	7,531,673	1,766,689	6,917,982	2,380,381
Los Angeles	128,953,904	26,412,245	125,846,581	29,519,568	115,592,416	39,773,734
Mt. San Antonio	20,119,208	4,120,802	19,634,408	4,605,602	18,034,567	6,205,443
Mt. San Jacinto	2,822,295	578,060	2,754,288	646,068	2,529,865	870,491
Riverside	11,456,192	2,346,449	11,180,139	2,622,502	10,269,165	3,533,476
San Bernardino	16,343,538	3,347,472	15,949,718	3,741,292	14,650,111	5,040,898
Victor Valley	3,919,667	802,823	3,825,217	897,273	3,513,533	1,208,957

** Assumes the $223 million (17.1 percent) revenue loss would be absorbed from $20.4 billion State General Funds, $0.6 billion state restricted funds and $7.7 billion local property tax and other revenues.

*** Assumes the $242 million (18.5 percent) revenue loss would be absorbed from $20.4 billion State General Funds only.

**** Assumes the $334 million (25.6 percent) revenue loss would be distributed by the AB 8 deflator mechanism.

educational program. Anything over this amount will surely cut into faculty and begin to restrict educational opportunities.

At the time of this writing the schools were not ready to formalize their strategies to meet the constraints of Proposition 9. Much of the information reported here is sketchy and may not, in fact, represent the final actions of the Districts as more information becomes available.

The question as reported in Chapter Two was: What will you do if Proposition 9 passes?

VICTOR VALLEY COLLEGE

Victor Valley College has formed a committee of administrators, faculty, classified, and Board representatives to begin to develop some contingencies. This group will not make any firm decisions until more is known about the situation. Dismissal notices will not be sent. The present strategy is to be as frugal as possible and hope that the District reserves will be untouched by the State. President Wadsworth believes that the State will have to reapportion the allocations. Subjects for consideration at Victor Valley include reduction in salaries, elimination of all free Community Service activities, and simply proceding until funds run out. Wadsworth believes tuition will come with the passage of Proposition 9 and that in turn will reduce enrollment which will in turn further reduce funding under the enrollment driven formula in California.

MOUNT SAN JACINTO COLLEGE

Mt. San Jacinto College has not yet formulated their plans. President Johnson states that substantial cuts could only be replaced by use of college reserve funds and imposition of tuition. The faculty will be consulted concerning the possible alternative of staff reduction or maintenance of staff with across the board pay cuts.

CITRUS COLLEGE

Citrus plans to take the same approach as before, to make the instructional program its first priority. Cuts will be made first in classified staff, auditorium services, athletics, class sections, and one marginal program. Most faculty will probably have to take a split day/evening load. President Haugh expects District reserves to be used in the allocation considerations.

CHAFFEY COLLEGE

Chaffey is one of only a few colleges which has undergone extensive program evaluation to prepare for financial problems. All college programs have been evaluated in terms of the revised mission statement. Vocational programs have been studied by tracking graduates of each program, surveying employment needs in the community, and requesting programs reviews from outside agents. Other measures include a recent survey of District needs, student demand for individual programs, and ADA revenues vs. cost-of-program comparisons. If the college

loses $1 million programs will be cut which don't meet the criteria. If the full $3 million reduction occurs (ref. Table 2.) the programs will go, along with seventy-one of the two-hundred fifty-seven member staff. President Catanzaro's strategy is to maintain a very basic program and to do it well.

MOUNT SAN ANTONIO COLLEGE

Reserve funds at Mt. SAC are in good shape now. There are no plans to send dismissal notices. The business office is making a full review of the budget and strategy sessions will begin soon. The only firm decision which has been made so far is not to replace any classified or certificated employee who may leave until the full impact of Proposition 9 is known.

RIVERSIDE CITY COLLEGE

Riverside has already taken some positive actions. The management staff has received notice that their contracts may be reduced to eleven months. Two management positions may be eliminated. Three budgets have been prepared representing ten, twenty, and thirty percent reductions. The twenty and thirty percent reductions involve substantial presonnel reductions. Faculty members have been reassigned to split day/evening loads or assignments in alternate fields of study. The college is in the midst of a two-year program evaluation. Some programs are subject to elimination based on their cost. Working

agreements with industry are being investigated. President Kane believes tuition will be a reality if Proposition 9 passes.

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

Chancellor Ellerman has taken the conservative approach. He does not want to encourage scare tactics or promote brainstorming sessions which tend to upset the staff. The District has good reserves and can survive some cuts if the reserves are not taken by the State. Cost center managers will be asked to make a ten percent total budget reduction. Some twelve month employees may be reduced to eleven month contracts. He hopes to maintain the Summer Session. Ellerman believes the 1978 cancellation of the summer program disrupted the continuity of the instructional sequence and was counter-productive in the long run. "Bail out" help will probably come in the form of tuition.

LOS ANGELES COMMUNITY COLLEGE DISTRICT

The Los Angeles Community College District staff plans a series of meetings at locations throughout the District to keep staff informed of proposals in terms of retrenchments, transfers of programs, and discontinuation of programs. Budget reductions totaling ten percent overall are also proposed. The Los Angeles response is divided into long and short range planning. The long-range proposals include:

1. a revised statement of the District's mission and functions
2. retrenchment and transfer of instructional and student support

activities.

3. alternatives to retrenchment and transfer such as elimination of summer session
4. corresponding adjustments to instructional support functions
5. impact of various fees and tuition on enrollment
6. reassessment of the District's capital construction plan

The more immediate short-term strategies direct the Fiscal Services Division to develop a series of alternative budgets to reflect various revenue projections. Considerations include:

1. review of all funds to determine if funds can be transferred to the General Fund. This review will consider a wide range of alternatives.

    a. the transfer of interest income
    b. reduction to the self insurance fund
    c. reduction in the Special Reserve Fund
    d. reduction in the scope of various Special Reserve Fund projects
    e. elimination of various Special Reserve Funds projects

2. Expansion of existing material fees will release a limited amount of funds from supply budgets. The institution of a registration fee will produce added revenues without necessarily reducing enrollments.

3. With respect to budget reductions in the General Fund, the following steps will be considered:

    a. place Community Services and Child Development programs on a self-supporting basis. Insure that all expenses which can be charged to the Cafeteria and Bookstore Funds are charged.
    b. require operating locations to develop a list of budget reductions totaling ten percent
    c. request the Educational Services Division to develop simulations involving such items as the elimination of summer session and Saturday classes
    d. review with the Personnel Services Division all unfilled positions and determine a criteria for funding such positions
    e. review with the Academic Services Division existing deferred maintenance requirements with the intention of eliminating currently funded projects in order to support ongoing maintenance requirements
    f. consider withholding salary increases and the corresponding effect on employee benefits
    g. review existing insurance needs and consider savings from possible self insurance
    h. review with Personnel Services Division all collective bargaining proposals with the intent of reducing employee benefit packages

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CHAPTER IV

OBSERVATIONS AND CONCLUSIONS

The outstanding observations to be made from this study relate to the fundamental position of action vs. reaction which was raised in Chapter One. It is true that Howard Jarvis gave public agencies very little time to breathe between Proposition 13 and his new Proposition 9, but his intentions were public knowledge. It is also true that the shift in funding from local to state sources and the resultant shift in the decision making process from the local to the state level, caused again by Proposition 13, has caused confusion, delays, and a loss of alternatives by local college officials. The unknowns are many. However, the lessons learned from Proposition 13 relating to overreaction, speaking too soon, and overemphasis on the "doomsday" aspects of reduced funding seem cosmetic in comparison to what should have been learned. College leaders could have prepared an action program based on the development of institutional priorities, enrollment projections, reserve projections, cost estimates, and impact statements. "Institutional research is a prerequisite for good management in a period when pressure groups demand accountability from institutions."[1] Most community colleges have used planning and research for development of new or expanded services, programs or facilities. These same techniques should now be turned to studies of retrenchment. We now face ". . . change by substitution rather than

by addition."[2]

The strategies for dealing with reduced funding must come from solid leadership. Whether that leadership takes the authoritarian or participatory approach is not as important as the establishment of an evaluative attitude in the institution before crises occur. Fiscal policy is a prime issue now but fiscal policy must enhance educational policy. As these policy decisions become further removed from the college it is even more important that college leaders make their voices heard with carefully researched, positive proposals rather than last-minute, stop-gap measures. As common data bases are developed for state budget figures colleges can begin to develop institutional indicators which can sound warnings of internal and external trouble.

> In the final analysis furor over reduced resources strikes to the question of whether or not two-year colleges are organized to allocate and use public resources effectively in their programs, services, and activities. What is at stake are the mission and goals of the college and its reorganization to accomplish these goals effectively with fewer resources. That, of course, is a task for management. Whether two-year colleges improve their performance and use their resources more effectively will depend in large measure on the ability of executives to supply what money cannot supply - judgement.[3]

It is clear that at the time of this writing political issues tend to cloud the facts on which college leaders can base their decisions. Recommendations must always deal with specific conditions and those conditions are still unresolved in California. Those college leaders who have developed their data will be prepared to meet the conditions as they develop. Many of the most stringent strategies developed to meet Proposition 13 were never implemented because of the "bail out" money from the State surplus. It is impossible to predict at this time what measures the State may take if Proposition 9 is approved.

The crystal-ball gazers in this study predict that continued financial restrictions will produce significant changes in the way community colleges operate. Programs may have to be transfered to different locations, or changes will be made in the way in which they are offered. Most colleges will find a larger enrollment at night than during the day which will require a growing number of faculty and administrators to work a split shift. Schools could even close down in the afternoon hours and reopen at five or six p.m. with the regular staff. Multi-colleges will survive better because of their increased flexibility. Single college districts may have to form consortia to offer certain programs. Major support services will be discontinued on individual campuses and concentarted in a central location. Course offerings will be reduced greatly. Profit oriented educational programs will develop. Every course must pay its own way or some courses must support others. Tuition will become a fact. General education may be forced into the upper division level. The concept of the two-year college education will be abandoned in favor of a concept of cycles of work and educational activity for each individual.

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